STREAMLINING THE DEVELOPMENT APPROVAL PROCESS

"Starter Homes" project

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INTRODUCTION

Costs inherent in compliance with government regulations are a significant component of the cost of new housing. The private market could produce housing much more cheaply if unencumbered with building codes, site servicing standards, contributions to public recreation facilities (whether open space or structures) and schools, or site and unit design constraints imposed through zoning or approval procedures.

These government regulations, however, are intended to protect public interests. There has been a lively and many-faceted debate in the last decade in both the U.S. and Canada concerning whether many regulatory instruments concerning housing do in fact protect public interest, or whether alternative means of regulation would better protect social and environmental goods at less cost to developers, and, ultimately, consumers.

Major foci of this debate have been zoning (regulations governing acceptable land uses, site plans, dwelling unit designs, and development impact fees), environmental protection legislation, and, less prominent but still significant, building codes and other technical standards. These concerns are all substantive; they have to do with the content of regulations affecting the production of housing.

Another major impact of government regulation, however, is felt not at a substantive level--what sorts of houses could be built at what densities--but at the level of process. Impediments and delays in the process of gaining approval for the development of whatever sort of allowable housing are felt acutely by developers: delays incur significant costs in time and opportunity lost, in slow responses to quickly changing markets, and in interest on development financing. These costs contribute to developers' unwillingness to build affordable housing and their preference for higher-priced, higher-return housing developments.

The potential impact of alternative zoning instruments and development standards that allow more innovative housing without reduction (or even improved protection of) livability is very great. The implementation of such alternative substantive regulations, however, requires careful research, strong commitment, and a sometimes harrowing political process.

The potential impact of the relatively more modest task of removing impediments to the development is less dramatic, but still significant.

This report will summarize recent ideas for the "streamlining" of the development process--for the reduction of developers' time spent in the process of gaining government approval for a development.

Two things should be underlined. First, such streamlining is applicable to all development, whether of housing or commercial or industrial properties. Second, the concern for streamlining of process is distinct from substantive issues of the most effective zoning and development standards: whatever the merits or inadequacies of a given set of regulations, a developer (and, eventually, the consumer) will benefit from a shorter, easier, more predictable run through them.

The ideas presented below are drawn from both Canadian and American resources. Since the American enterprise of streamlining has been underway longer, and seems to have generated most of the ideas employed in Canadian experiments, American ideas dominate in this report. The American experiments are based in a different political system, with often different policy priorities, but many of the ideas developed there are adaptible to regional and local governments in Ontario.

The scope of this report allows only a summary of techniques which have been proposed or implemented, without details concerning which communities used them, and without assessment of either their effectiveness in American contexts or adaptibilty to Ontario. A bibliography provides references to the more detailed and useful resources from which these techniques were collected.

Further research needs to be undertaken into the process of development approvals in Ontario municipalities and into the experiences of Ontario developers, before any of the ideas listed below can be show to be applicable in Ontario.

GENERAL CONSIDERATIONS

The first level of concern common to discussions of streamlining the development process is very general--the characteristics of ordinances and the development approval process in a broad sense. Several general elements of this process draw consistent advice from planning consultants and their analysis of streamlining experiments:

--simplify the language of regulations and ordinances. Simpler, more direct language aids interpretation both for staff and developers, and reduces time lost through misunderstanding and clarification.

--spell out all rules governing approval of developments. Unwritten rules or unacknowledged criteria of acceptance lead to developers' perception of arbitrariness and to resentment. It also wastes developers' time and money because proposals need to be redesigned to meet unstated requirements.

--assure ready access to approval criteria. Publication of review standards and policy objectives is an important and obvious way to speed the development process. Knowledge of the criteria by which their projects will be assessed will save developers time and effort, and will produce development more consistent with community objectives with fewer obstacles or compromises. Also, it is beneficial to local governments to spell out approval criteria clearly since this can provide a more consistent treatment of proposals. Some planning departments have developed rating systems for approvals: every development must meet basic criteria, but then proposals are assessed more flexibly, with desirable development characteristics scoring more points on a rating system. Developers can make a better assessment of the likelihood of approval or required revisions, and proposals which score highly may be allowed variances or fee reductions. Another useful tool setting out approval criteria is a design manual or development handbook, which discusses site plans, unit livability criteria, and other evaluation criteria.

--assure a consistent response. It is important that the response of a proposal review be predictable. If a proposed development meets all criteria for acceptance, it should be accepted; if a proposed development is rejected, the reasons must be apparent from stated criteria and policies.

--develop a "one-procedure" system. Regardless of how

approval decisions are made or how complex or simple a proposed development, it is beneficial to have a one-procedure system. For any development proposal there should be only one point of entry (however many levels of government are involved), one avenue through the approval system, and one point of exit where all decisions and permits are in hand. This system reduces developer confusion or manipulation of the system, and a well-defined avenue of progress through the approval process can focus developers' and officials' energy effectively.

--provide information concerning the approval process. Developers' time may be saved by convenient access to information concerning all ordinances, regulations, permits, approvals, and inspections relevant to the development process. This should be accomplished in a variety of ways:

- relevant ordinances can be collected into a development code;

- lists of required permits can be supplied, with information concerning application and fees;

- administrative centres can be created, where information concerning all aspects of development can be found quickly (see below, "application centres").

Flow charts can show necessary steps in sequence for gaining approval of a development proposal, and be provided to developers to clarify the process and prevent unnecessary backtracking. This chart can also provide information concerning location of administrative offices, permit or application fees, and names of contacts.

--provide access to decision-makers. Information providing names of and means of access to senior officials in the approval process should be made available to developers of important projects. Officials should be open to discussion with developers during the approval process, and be willing to provide information, explain government concerns, and address developers' concerns.

THE APPLICATION PROCESS

Pre-application reviews

A major tool for streamlined approval is a conference between developer and local government officials at a very early stage of the project. It has been found that spending more time at early stages results in significant time reductions over the whole process, and also produces better developments with less friction between local governments and developers.

The pre-application review is a formal meeting between a developer and the relevant officials (for example: planning, engineering, fire department, school board) after the developer has submitted a preliminary description of a possible project. At the meeting government officials have an opportunity to point to potential conflicts with regulations or approval criteria, and to make (non-binding) suggestions for improvements consistent with local development goals. The developer also has an opportunity to seek clarification or compromise.

This early discussion is very cost-effective because it occurs before the developer has invested heavily in detailed architectural or engineering plans, and allows the developer to address problems with initial development plans instead of with costly revisions.

Developers are also much more willing to introduce alterations before their money is invested, especially when alterations are perceived as collaborations to ease approval of a proposal. Pre-application conferences can help to create a perception of cooperation rather than confrontation between local government and developers. Finally, some planning officials have found that a pre-application conference is the most effective place put pressure on developers to conform to community objectives, due to the more cooperative nature of a conference and since litle invested money is at stake.

Pre-application reviews are most appropriate, of course, for major developments. In order for them to be effective, senior representatives of all departments or agencies involved in the project's approval must be present, and well prepared to address the merits or shortcomings of the proposal.

Applications

Several practical improvements can be made in the process of applying for permits and approvals:

--evening office hours, for increased ease of access and more flexibility for contractors.

--standardized application forms, where the same information is required in the same places on the forms, help to reduce confusion and to speed processing.

--reduced information demand. Some American municipalities have found that much information requested on application forms is not used by the relevant departments, and have pared down the forms to require only necessary information. This reduces time spent in filling out applications and in processing them.

--conflated application forms can be developed for departments requiring similar information.

--master application forms. Some successful experiments with the use of one application form for all aspects of development approval have been carried out in the U.S. Developers seeking approval for large-scale developments provide one application which requires all information necessary to the local government. The local government is then responsible for distributing that information to all relevant departments. This system is often used in conjunction with an application centre (see below), but could be used in a conventional setting as a policy specific to large developments.

--proposal initiation processes have been used by some jurisdictions as a variant of a master application form. When a developer first files a development proposal, the government is obligated to provide the developer within a short time with a list of all required permits and approvals, together with application forms and all relevant information.

Application Centres

One common innovation in streamlining the development process is to provide an application centre--one administrative office where applications for all permits and approvals necessary for any development can be found and processed.

Experience with application centres has pointed to features necessary to a successful centre:

--application centres should handle all types of permits and approvals.

--application centres should be staffed by responsible representatives of all relevant departments. Some unsuccessful application centres functioned essentially as courier services, shunting applications to appropriate departments; these centres only introduced delays because of lost applications and because the centres only put one more barrier between applicants and government staff (so that, for example, requests for information often could not be handled by centre staff). Successful application centres provided access not only to applications in one location but also to staff who could provide answers to questions, make routine decisions, and expedite more complex requests through their departments.

--application centres should provide not only applications but also information. Successful application centres provide many of the services called for above under the heading "general considerations": ready access to information concerning ordinances, regulations, approval criteria, necessary permits, fees, and the approval process.

Some local governments have successfully provided a telephone application service for such simple approvals as plumbing or electrical installations. This service could be offered through an application centre, or also through the relevant departments.

THE REVIEW PROCESS

Several suggestions have been made concerning means of streamlining the review process of proposed developments. Once application for development has been made, local governments must assess the proposed project, and either approve, reject, or impose revisions on the proposal. This review usually involves many local government departments and can include hearings before both the public and elected officials; this process can be complex and time-consuming, and thus costly to developers. Accordingly, this process has been the focus of streamlining efforts. Specific streamlining methods have been proposed:

-routine approvals

-project expeditors

-team staff reviews

-comprehensive public reviews

-combined staff and legislator reviews

-contracted reviews

-imposed time frames

-developer assistance offices

-staff incentives.

Routine approvals

Routine approvals of routine applications are often recommended as another means of streamlining the development process. The general thrust of such recommendations is two-fold: criteria for approval of small or routine developments should be as clear as possible, and responsibility for approvals should be as far down the hierarchy of decision-makers as possible.

A "fast-track" process for routine approvals requires a clear set of criteria to determine which proposals can be sent through unimpeded and which proposals warrant more careful review. Proposals obviously appropriate to an abbreviated process are small projects with very limited off-site impacts.

Moving approval authority down the decision-making hierarchy often involves recommendations that elected officials concern themselves only with broad policy issues, and allow their engineering and planning officials to interpret those policies; city council, for example, should not be arguing the width of sidewalks with developers. (It should be recalled, however, that it is planners who make these arguments; elected officials are sure to have a different perspective.)

It is also recommended that a different and abbreviated review process be applied even to larger developments which use non-controversial or well-tested site and unit plans. Some municipalities have made provision even for the waiving of approval requirements for special use permits or zoning variances, where projects have no negative off-site impact, conform to the city's comprehensive plan, and draw no public opposition.

Project expeditors

A streamlining innovation often cited and recommended is the project expeditor (sometimes called a permit expeditor or project manager). This innovation is often tied to the use of a master application, though it need not be. When a developer begins the process of applying for approval, the proposal is assigned to one staff member (usually a planner, especially if the project is large). That staff member is then responsible from start to finish for the review and assessment of the project: if a master application is used, the staff member oversees its distribution to the relevant departments, assures that the project receives appropriate attention, coordinates all review (including presentations to staff review committees, public hearings and committees of elected officials), negotiates revisions with the developer, and coordinates the issuing of permits and approvals. The project expeditor is the developer's primary contact, and most accessible channel of communication.

The benefits to developers under this system are considerable:

--the project expeditor becomes an advocate for the proposal. Obviously, time is saved through coordination and supervision of the process, but, of equal or greater significance, the project expeditor's task is to move the project through to approval, and (assuming that the proposal has merit) will actively seek a quick and uncomplicated process.

--the project expeditor knows the proposal well. In the conventional process, a project is assessed by each department in isolation from other departments, using its own criteria and on its own timetable. Developers are required to make their case to each department, and negotiate revisions. They are often presented with conflicting departmental requirements. A project expeditor, however, is responsible for each aspect of the proposal, and understands the goals and priorities of the developer. This allows the project expeditor to negotiate tradeoffs between departments more effectively than a developer can (for example, reduced street widths for the planners and truck access for the fire department), and to make tradeoffs or revisions which he or she knows are acceptable to the developer.

--the project expeditor knows the approval criteria and process. A project expeditor will be able to interpret the objections or proposed revisions of various departments to the developer, and also to help the

developer anticipate possible problems of both acceptance criteria and process.

It is claimed that the use of a project expeditor also carries corollary benefits to local government:

--government/developer adversarial stances can be softened. If the project expeditor sees his or her role as a mediator between local government policy and the developer, this can help other departmental employees to see their role less as throwing up hurdles to developers and more as helping the developer to accomplish a good product.

--development policy can be better coordinated. Just as a project expeditor can provide a developer with an overview of the development process and an interpretation of the requirements of various departments, a project expeditor can explain one department's perceptions and priorities to other departments. This is especially helpful in preparation for multi-department review hearings; the project expeditor can smooth the review process by providing information to all departments and arbitrating compromises. Further, the more that separate departments understand the role and intent of each other, the more likely it is that dialogue and coordination of purpose will occur, and the more likely the evolution of an integrated and effective development policy.

The role of project expeditor can also be carried out by a department created to coordinate application and review procedures, public hearings and so forth. This department would be the sole contact for developers.

Team staff reviews

Another innovation similar to a project expeditor in intent and benefit is team staff reviews. Rather than require each department to assess an application in isolation and submit its own report, departments are required to carry out preliminary evaluation of a proposal in preparation for a collective review of the proposal. Each department sends a representative(s) to the team review, but the team produces only one collective assessment of the proposal. This system is reported to carry specific benefits: first, compromises between departments are encourageed, and a more comprehensive view of the merits of a proposal is possible; second, one collective report can be produced more efficiently than several departmental reports; and third, developers are not presented with many separate reports whose requirements are potentially in conflict. Team reviews are effective at preliminary stages of assessment (especially at "pre-application" conferences) and at later stages, where formal assessment is produced from departmental evaluations.

Impact assessments

It has been suggested that local governments should not require the developer to provide broad assessments of the environmental or social impact of the proposed development. Such assessments are usually long and self-serving, and often vague. Rather, governments should provide developers with clear statements of their desired or required environmental and community impacts, and require developers to demonstrate conformity with these. This tends to produce more concise and detailed developer responses, which are more useful for proposal review.

Comprehensive public reviews

Rather than a series of public reviews on different aspects of a proposed development (for example, environmental impact, impact on social and recreational facilities, conformity with municipal plan), it is more cost- and time-effective to incorporate all aspects of public review into one hearing.

Combined staff and legislator reviews

It is sometimes the case that a developer who has cleared the review process of local government planning and engineering officials must still face a review by elected officals. It is recommended that staff and legislator reviews be integrated whenever possible. Planners also tend to recommend that legislator review be kept to a minimum--that legislators concern themselves with municipal policy and objectives, and allow departmental officials to apply policy to proposals.

Contracted reviews

Independent private engineering or architectural firms have sometimes been allowed to provide site or unit plan reviews for the approval process. Delays in approval are often due to backlogs of proposals in planning or engineering departments, and developers might prefer to pay higher fees to independent assessors in return for faster approvals.

Several conditions apply to the success of such a system. The use of independent reviewers should be optional, so that a developer could choose between a public, cheaper and probably slower site/unit plan review, or a more expensive, probably faster private review. Independent review firms would have to demonstrate knowledge of government policies and assessment criteria in order to meet government approval. Independent firms would require insurance, since they would be liable for defective design. Finally, some means of assuring no conflict of interest between developers and reviewing companies would have to be implemented. It is likely that the use of private reviews is not possible in smaller centres, where the small number of engineering or architectural firms makes conflict of interest harder to avoid.

Imposed time limits

It is sometimes suggested that time limits be placed on specific stages of the review process, so that, for example, a department would have to produce a preliminary assessment of a proposal within a set number of working days, or a final assessment would be assured in a set period. Governments obviously have been unwilling to commit themselves legally to such time limits, and developers cannot realistically expect to have means to enforce time limits, but still the establishment of such limits can carry benefits. Departments may be more

motivated to process proposals quickly if a limit is set, and developers may be able to plan projects more effectively if approximate approval times are known. Ways to enforce time limits which address the need for flexibility realistically have been suggested: set a maximum number of extensions to stated time limits, or established a fixed outside limit for a decision.

Developer assistance offices

Some municipalities have provided offices staffed to address complaints from developers, and to help clear stalled applications.

Staff incentives

Some municipalities have introduced bonuses, merit increases or other incentives to staff whose productivity in reduced processing times is good.

INSPECTIONS

The final stage of the approval process is inspection of approved projects once construction is underway. Specific proposals to reduce delays in inspections are as follows:

--general inspectors. Some municipalities have experienced success with inspectors trained in all aspects of construction--building, plumbing, electrical, and so forth. Inspectors competent to approve an entire project reduce time lost in administration (for both the municipality and the contractor) and time lost through waiting for approvals before other stages of construction can be begun. Even where municipalities have been reluctant or inspectors unable to adopt this system, modifications of it are possible: inspectors trained in two approval criteria, or team inspections.

--contract inspections. Just as it is possible to have private engineering or architectural firms provide site/unit plan reviews on contract, it is possible to license private inspectors who may provide inspection to developers and contractors for a contract fee. It may be more cost-effective for a developer to retain a private inspector than to wait for public inspectors on tight schedules. Similar provisions for training, licensing, and insurance must be provided.

--random inspections. It has been suggested that periodic inspection of units chosen at random is sufficient for developments involving many units which are similar in design and construction.

--scheduled inspections. Inspections arranged in advance with relevant departments can help developers and contractors schedule construction to reduce inspection delays.

--"on-line" inspections. Some municipalities have introduced savings in administration time through the use of hand-held computers. Inspectors have faster access to project data, approvals can be entered into project files immediately, and less paper-work is necessary with attendant reductions in delay and cost.

BIBLIOGRAPHY

The most thorough and extensive resource found concerning streamlining the development process is:

Vranicar, John, Welford Sanders, and David Mosena. Streamlining land use regulation. A guidebook for local governments. Chicago: American Planning Association, November 1980. [OMH: 711.14 A5125]

All Canadian and American resources share a similar perspective on the problem, and only a few solutions in addition to those collected in Vranicar, Sanders, and Mosena are proposed by the other resources listed here. These other resources, however, often do provide detailed discussions of specific streamlining experiments in American jurisdictions, and provide access information concerning the persons responsible for these programs.

Other American resources include:

Hershey, Stuart S., and Carolyn Garmise. Streamlining local regulations: a handbook for reducing housing and development costs. Management Information Service Special Report No. 11, May 1983. [OMH: 711.4 H572]

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State of Connecticut Department of Housing. A model ordinance and model procedures for "one-stop" applications for the development of land. Hartford: State of Connecticut Department of Housing, February 1982. [MTL-MR: 346.74604 M57]

United States Department of Housing and Urban Development, Urban Land Institute. Reducing the development costs of housing: actions for State and local governments. Proceedings of the U.S. Department of Housing and Urban Development Conference on Housing Costs, August 1979. [OMH: 301.54 U72]

There are very few accessible resources concerning streamlining in a Canadian context, and those few tend to repeat American experiences and recommend the solutions found in American resources. Canadian resources include:

---------. "Regulatory reform: municipal representatives speak on deregulation." Municipal Counsellor 30, no.4 (July/August 1985): 11-14. [PPDB (photocopy); OMH: Periodicals]

Bens, Charles. "Untangle red tape to bring down the cost of housing." Civic Public Works December 1984, 20-21. [PPDB (photocopy); OMH; ICURR]